

Message Text

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PAGE 01 MANILA 08718 221248Z

43

ACTION EA-14

INFO OCT-01 ISO-00 EB-11 SS-20 SP-03 PM-07 INR-11 H-03

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 5399

C O N F I D E N T I A L MANILA 8718

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E.O. 11652: GDS

TAGS: EIND, EFIN, RP

SUBJECT: PHILIPPINE NUCLEAR POWER PROJECT

REF: STATE 157114

1. APPRECIATE EXPRESSION CONCERN ABOUT DELAYS IN RESPONSE ON THIS MATTER. IN VIEW GREAT IMPORTANCE NUCLEAR POWER PROJECT IN TOP LEVELS GOP, OUR INABILITY TO RESPOND PROMPTLY ON SEEMINGLY STRAIGHT-FORWARD REQUEST FOR INFORMATION BECOMES A PERSISTENT EMBARRASSMENT.

2. ALSO APPRECIATE THAT YUGOSLAV TERMS MAY INDEED HAVE BEEN SUBJECT OF PRELIMINARY COMMITMENT AS EARLY AS 1972. WE TAKE IT THAT HERCULEAN EFFORT MUST HAVE BEEN MADE IN MEANTIME TO PREVENT DETERIORATION OF TERMS, SINCE PRE-LIMINARY COMMITMENT WOULD APPEAR TO HAVE BEEN SOMEWHAT STALE.

3. BELIEVE THE QUESTION OF POSSIBLE DISPARITY IN TERMS AS BETWEEN YUGOSLAVIA -- AT LEAST A NOMINALLY COMMUNIST COUNTRY -- AND THE PHILIPPINES -- A CLOSE, FRIEND, ALLY AND HOST FOR TWO OF OUR MOST IMPORTANT MILITARY BASES IN THE WORLD -- IS BEING DISMISSED BY THE DEPARTMENT ALL TOO LIGHTLY. WHILE THERE MIGHT BE SOME READY EXPLANATION WE COULD MAKE FOR A LIMITED DISPARITY IN INTEREST RATES DUE TO OBVIOUS INTERVENING CHANGES IN WORLD MONEY MARKETS, WE
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PAGE 02 MANILA 08718 221248Z

DOUBT THAT A SIGNIFICANT DISPARITY RESPECTING OVERALL TERMS

AND CONDITIONS WOULD BE EXPLICABLE. THEREFORE, WE SUSPECT THAT IF SUCH IS THE NEWS WE HAVE TO DELIVER IN RESPONSE TO THE MELCHOR LETTER, AN OVERALL GOP RECONSIDERATION OF THE DECISION TO COMMIT ENTIRELY TO U.S. SOURCING OF THESE TWO IMPORTANT PLANTS WILL BE THE MINIMUM REACTION.

4. WE BELIEVE THE POSITION STATED IN PARA 3 REFTTEL IS A FAR TOO FACILE ASSUMPTION. IT IS ANYTHING BUT SURE FIRE AT THIS STAGE THAT THE FILIPINOS INTEND TO BUY NUCLEAR POWER EQUIPMENT FROM THE U.S., EXCEPT AFTER THE MOST SERIOUS COMPARISON OF THE FINANCING ALTERNATIVES. IT IS FAR FROM GIVEN THEREFORE THAT THESE SALES WOULD QUOTE TAKE PLACE IN ANY EVENT. UNQUOTE.

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Message Attributes

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